

Message Text

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ACTION PM-04

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S E C R E T BANGKOK 23909

E.O. 11652: GDS

TAGS: MASS, TH

SUBJ: FY1976 AND 1977 SECURITY ASSISTANCE PROGRAM

REF: (A) STATE 258224 (DTG 310125Z OCT 75)

1. THE THAI SUPREME COMMANDER HAS ADVISED US THAT THE ROYAL THAI ARMED FORCES ARE INTERESTED IN AND WOULD WELCOME THE PROPOSED \$36.7 MILLION IN FMS CREDIT FOR FY76 IF AUTHORIZED AND APPROPRIATED BY THE U.S. CONGRESS. FORMAL RTG ACCEPTANCE WILL PROBABLY REQUIRE FULL CABINET APPROVAL AND PERHAPS PARLIAMENTARY SCRUTINY OF SOME KIND. GIVEN THE THAI FOREIGN EXCHANGE RESERVES AND LOW DEBT SERVICE RATIO (ABOUT 10 PERCENT OF IMPORT EARNINGS IN 1974), THE PROPOSED CREDIT WOULD NOT CREATE A REPAYMENT OBLIGATION INJURIOUS TO THE COUNTRY'S EXCHANGE RESOURCES, FUTURE BUDGETS OR OVERALL ECONOMIC DEVELOPMENT.

2. INCREASED FMS CREDIT IS PARTICULARLY TIMELY IN VIEW OF PAST, CURRENT AND PROBABLE FUTURE DECREASES IN GRANT MAP FUNDS. THE JUSTIFICATION FOR EXTENDING SUCH CREDIT TO THE RTG PARALLELS

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THAT WHICH UNDERLIES OUR ENTIRE SECURITY ASSISTANCE

PROGRAM IN THIS COUNTRY:

--ASSIST IN MAINTAINING THE CREDIBILITY OF OUR COMMITMENT TO THAILAND, THUS UNDER-PINNING THE FUTURE U.S. MILITARY PRESENCE IN THAILAND.

--ASSIST THE RTG TO DEVELOP THE CAPABILITY TO SUPPRESS THE COMMUNIST INSURGENCY AND MAINTAIN INTERNAL SECURITY.

--PROVIDE SUPPORT FOR THE DEVELOPMENT OF THAI MILITARY CAPABILITIES TO DEFEND AGAINST LIMITED EXTERNAL MILITARY THREAT.

--PROVIDE SUPPORT FOR COST-EFFECTIVE PROGRAMS THAT DEVELOP THAI MILITARY SELF-SUFFICIENCY.

3. THE ASCENDANCY OF COMMUNIST REGIMES IN VIETNAM, LAOS AND CAMBODIA AND THE IMPONDERABLE PSYCHOLOGICAL EFFECT OF THE WITHDRAWAL OF US COMBAT FORCES INCREASES CONCERN ON THE PART OF THE THAI ARMED FORCES REGARDING THE EXTERNAL THREAT AGAINST THAILAND. OF GREATER CONCERN, HOWEVER, NOW AND FOR THE FORESEEABLE FUTURE, IS THE LIKELIHOOD THAT THAILAND'S COMMUNIST TERRORISTS, EMBOLDENED AND MORE GENEROUSLY SUPPLIED BY THE NEW REGIMES IN INDOCHINA, WILL PRESENT A GRAVER CHALLENGE TO THE RTG'S SECURITY. IF WE BELIEVE (AND WE HERE IN BANGKOK DO) THAT THE SECURITY AND SURVIVABILITY OF THAILAND AS A FREE AND DEMOCRATIC STATE HAVE IMPACT UPON U.S. INTERESTS, THEN ASSISTANCE, BOTH GRANT AID AND CREDIT TO THAI SECURITY EFFORTS IS WARRANTED.

4. ALTHOUGH WE HAVE NOT YET RECEIVED FROM THE RTARF A PRIORITY LIST OF MAJOR ITEMS TO BE PROCURED, THE ALLOCATION OF FMS CREDIT AT LEVELS PROPOSED WOULD PROVIDE THE MEANS TO PURCHASE INVESTMENT ITEMS NEEDED TO EQUIP AND MODERNIZE THE THAI MILITARY TO MEET THE INCREASED INTERNAL AND EXTERNAL THREAT. WITH THE DROP IN GRANT MAP AND THE ELIMINATION OF MAP O&M SUPPORT BY FY78, AND THE RESULTANT DIVERSION OF SOME RTARF BUDGET FUNDS FROM INVESTMENT TO O&M, PROCUREMENT OF MANY OF THESE ITEMS MIGHT, WITHOUT THE AVAILABILITY OF FMS CREDIT, HAVE TO BE
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POSTPONED. IF SOME MAJOR INVESTMENT ITEMS ARE DEEMED ESSENTIAL, THE ONLY OTHER REALISTIC ALTERNATIVE FOR THE RTG WOULD BE THE REALLOCATION OF FUNDS FROM ECONOMIC DEVELOPMENT AND SOCIAL WELFARE PROJECTS. SUCH A REALLOCATION, EVEN IF EXPENDED ON STRENGTHENED ARMED FORCES, WOULD BE COUNTERPRODUCTIVE TO THE LONG-TERM POLITICAL STABILITY AND VIABILITY OF THAILAND. THUS, IN BOTH NARROW MILITARY TERMS AND

IN TERMS OF BROADER THAI AND U.S. NATIONAL INTEREST,
THE PROPOSED FMS CREDIT LEVEL WOULD APPEAR JUSTIFIED.

5. WE DO NOT RECOMMEND THE USE OF SIZABLE FMS
CREDITS FOR THE INTRODUCTION OF NEW, SOPHISTICATED
SYSTEMS, SUCH AS THE F-5E OR A-10, INTO THE THAI
INVENTORY. WE BELIEVE SUCH PURCHASES SHOULD NOT
BE ENCOURAGED. IF, HOWEVER, IT APPEARS AT SOME
POINT THAT THE THAI ARE GOING TO PURCHASE COMPARABLE
ITEMS FROM A THIRD COUNTRY, OR IF THE USE OF FMS CREDITS
TO PROCURE THEM BECAME A MAJOR US-THAI POLITICAL ISSUE, WE
WOULD WANT TO REVIEW THIS POSITION. WE DO NOT YET
KNOW WHETHER THE SUPREME COMMAND'S STATEMENT OF
INTENT TO ACCEPT THE FULL \$36.7 MILLION INCLUDES
SUCH ITEMS (PARTICULARLY F-5E'S) OR NOT.

6. THERE ARE
NO KNOWN ARMS PURCHASES FROM THE U.S.
OR THIRD COUNTRIES FOR EITHER CASH OR CREDIT RELEVANT
TO THE EXTENSION OF PROPOSED FY76 CREDIT. NOR IS IT EXPECTED
THAT ITEMS PROCURED THROUGH CREDIT WILL HAVE A DELETERIOUS
EFFECT UPON THE REGIONAL ARMS BALANCE OR CONTRIBUTE TO AN ARMS
RACE.
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